RECENT IMPORTANT DECISIONS

BANKRUPTCY—TRUSTEE'S RIGHT TO ENFORCE STOCKHOLDER'S STATUTORY LIABILITY.—Petitioning stockholder presented his claim against the estate of a bankrupt corporation for supplies furnished. The trustee, by a species of counter-claim, sought to enforce petitioner's statutory liability under Hurd's Rev. St. Ill. 1908, c. 32, §§16 & 18, which make corporate officers jointly and severally liable for corporate debts in excess of capital stock and for those incurred before the capital stock is subscribed. *Held,* that the statutory liability was not a right of action "arising on contract" within subdivision 6, §70 a of the Act of 1898. Twenty days were granted for creditors to enforce the liability. *In re Beachy & Co.* (1909),—D. C., E. D. Wis.—, 170 Fed. 825.

Ordinarily the trustee acquires only such rights as were held by the bankrupt on the day of adjudication. *In re Pease,* 4 Am. B. R. 578; *in re Burka,* 104 Fed. 326, 5 Am. B. R. 12. In the principal case the corporation is considered as estopped from raising the question of petitioner's fraud. Hence its assignee could acquire no such right. A trustee may sue for unpaid subscriptions, however. *Allen* v. *Grant,* 122 Ga. 552, 14 Am. B. R. 349. A similar question arose in *Stocker* v. *Davidson,* 74 Kan. 214, in which the assignee sues in a state court to enforce the stockholder's "double liability" under the Kansas statute, the court considering the liability as one "arising on contract" within subdivision 6, §70 a *supra.* While the Kansas statute specifically makes funds recovered under such laws, a part of the corporate assets, the language is for the most part similar. The decision above would seem to require a separate suit by the creditor, independent of the bankruptcy proceedings, as in *In re Crystal Spring Bottling Co.,* 96 Fed. 945.

BILLS AND NOTES—FAILURE OF CONSIDERATION—WHEN MAKER IS ESTOPPED FROM PLEADING IT.—Defendant executed to a bank, a note in renewal of two other notes held by the bank, one of which he recognized as his own, and the other purporting to have been signed by him he had no knowledge of making, but upon inquiry was assured by the cashier that it was genuine and made no objection for eight months when the bank went into the hands of a receiver. In this action to recover the amount of the note, it is *held* (WEAVER, J., dissenting) that the ground of partial failure of consideration, in that the second note was forged, was no defense. *First State Bank of Corwith* v. *Williams* (1909), — Ia. —, 121 N. W. 702.

As a general rule any holder of negotiable paper with notice of defect in consideration, as well as any holder who is in privity with the original payee takes the paper subject to such defense. 2 RANDOLPH COMM. PAPER, §556 and cases cited. When a person's signature is forged as maker, acceptor, drawer or indorser, as a general rule it is a mere nullity as to him. DANIEL NEG. INST., ed. 5, § 1351. Before the holder has changed his relations to the paper or any one has dealt with it upon the faith of his admissions we know